



OFFICIAL REPORT
AITHISG OIFIGEIL

Education and Skills Committee

Wednesday 21 December 2016

Session 5



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Pàrlamaid na h-Alba

Wednesday 21 December 2016

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EDUCATION AND SKILLS COMMITTEE

16th Meeting 2016, Session 5

CONVENER

*James Dornan (Glasgow Cathcart) (SNP)

DEPUTY CONVENER

*Johann Lamont (Glasgow) (Lab)

COMMITTEE MEMBERS

*Colin Beattie (Midlothian North and Musselburgh) (SNP)

*Ross Greer (West Scotland) (Green)

*Daniel Johnson (Edinburgh Southern) (Lab)

*Richard Lochhead (Moray) (SNP)

*Fulton MacGregor (Coatbridge and Chryston) (SNP)

*Gillian Martin (Aberdeenshire East) (SNP)

*Tavish Scott (Shetland Islands) (LD)

*Liz Smith (Mid Scotland and Fife) (Con)

*Ross Thomson (North East Scotland) (Con)

*attended

THE FOLLOWING ALSO PARTICIPATED:

John Swinney (Deputy First Minister and Cabinet Secretary for Education and Skills)

CLERK TO THE COMMITTEE

Roz Thomson

LOCATION

The Robert Burns Room (CR1)

Scottish Parliament

Education and Skills Committee

Wednesday 21 December 2016

[The Convener opened the meeting at 10:00]

Decisions on Taking Business in Private

The Convener (James Dornan): Good morning. I welcome everyone to the 16th meeting in session 5 of the Education and Skills Committee. I remind everyone to turn their mobile phones and other devices to silent mode for the duration of the meeting.

The first item of business is to decide whether to take in private a number of items of business. First, is everyone content that item 6 on today's agenda be taken in private?

Members indicated agreement.

The Convener: There are a number of items that we will consider during the first week after the recess that I propose we also consider in private. They are listed on the agenda: they are consideration of two draft reports and an item on the committee's work programme. Is everyone happy to agree that those three items be taken in private at our next meeting?

Members indicated agreement.

Draft Budget Scrutiny 2017-18

10:00

The Convener: The second item of business is evidence on the Scottish Government's draft budget for 2017-18. We will cover the draft budget and the committee's pre-budget scrutiny of Skills Development Scotland, the Scottish Further and Higher Education Funding Council, Education Scotland and the Scottish Qualifications Authority.

I welcome to the meeting John Swinney, the Cabinet Secretary for Education and Skills; Olivia McLeod, the Scottish Government's director for children and families; and Aileen McKechnie, director of advanced learning and science. Good morning.

I understand that the cabinet secretary wishes to make a short opening statement.

The Deputy First Minister and Cabinet Secretary for Education and Skills (John Swinney): I welcome the opportunity to give an opening statement on the 2017-18 draft budget. Education is the Government's defining mission: our priorities are that we ensure that our children and young people get the best possible start in life, that we raise standards in schools and that we close the education attainment gap. The budget focuses on those areas and reflects the strength of our overall commitment.

The United Kingdom Government's approach to public spending has provided a challenging context for our spending plans. Despite that background, our overall national investment in education and skills will increase by £170 million this coming year.

We will continue to invest in early learning and childcare as we work towards delivering the increased entitlement of 1,140 hours a year by the end of this parliamentary session. The budget will deliver an initial £60 million to support the first phase of workforce and infrastructure development that is needed to support that ambition.

We are closing the attainment gap through increased targeted investment in schools. The budget will deliver £120 million in 2017-18 for schools to invest in ways that evidence tells them will close the attainment gap. That is £20 million more than was previously announced, and it is funded from Scottish Government resources. The £120 million pupil equity fund will provide schools across the country with an allocation of around £1,200 for every pupil in primary 1 to secondary 3 who is known to meet the national criteria for eligibility for free school meals. That is on top of the existing £50 million per annum that is already

provided to deliver targeted support to authorities and schools in areas in which there is greatest need.

In 2017-18, we will, for the sixth year in succession, invest more than £1 billion in higher education. That budget allocation will protect core teaching and research grants. We will also continue to make good progress on our ambition to widen access to university for young people from the most deprived communities. We announced the new commissioner for fair access to higher education on 16 December—he is the renowned educationist Professor Peter Scott. We will continue to protect free university tuition for all eligible undergraduates. Capital investment will increase by 77 per cent to support research and infrastructure investment and to ensure continued investment in excellent learning environments for our students. That investment will support our universities to remain internationally competitive, and to continue to be renowned for their research excellence, and it will ensure that access to higher education continues to be based on ability to learn and not on ability to pay.

We have invested more than £6 billion in further education resource and capital in colleges since 2007. We maintained college funding in 2016-17 and have increased it by 5.9 per cent in real terms in the 2017-18 budget. That increase in our investment in Scotland's colleges will help them to generate opportunities for young people to improve their life chances, and to generate the skilled workforce that is needed for us to secure economic growth. We will continue to maintain at least 116,000 full-time-equivalent college places in order to equip students with the skills to take them on to positive destinations in education and employment. We have increased college capital funding by £20.4 million. That increased investment will, among other things, allow work to begin on a new campus in Falkirk for the Forth Valley College.

We are investing in modern apprenticeships by increasing the number of MA starts this year as a step towards having 30,000 starts by 2020. We will also establish a new flexible workforce development fund for the training that is needed to support inclusive economic growth. The budget will deliver £221 million to interventions that support skills, training and employment, thereby matching the funding that is transferred as a result of the United Kingdom Government's apprenticeship levy. That funding includes an additional £8 million for modern apprenticeships.

I look forward to addressing the committee's comments.

The Convener: Thank you, cabinet secretary. Before we move to questions, I remind everybody that we have a very full agenda today and a lot of

questions to get through, so we should make questions and answers as short as we can.

I will start on school education. The Finance and Constitution Committee asked us to look at how public bodies work in accordance with the Christie principles. This committee has done good work on the performance of the SQA and Education Scotland, and there is a strong theme of collaboration across the sector. However, the committee has not always found it easy to find clear lines of accountability for fairly significant decisions—for example, on the structure of the senior phase. Is there a tension between Christie principles of openness and accountability and collaborative working?

John Swinney: I do not think that there is such a tension. I readily concede that the world of education is complicated—I have certainly become very much aware of that in the past seven months. There are a lot of stakeholders and perspectives that we need to take account of when taking decisions—especially decisions on content, design and delivery of the curriculum. That endeavour involves the Government, our agencies Education Scotland and the SQA, local authorities, professional associations including the Association of Directors of Education in Scotland and other professional stakeholders. There is a range of players. The challenge is to ensure that all the dialogue and discussion are focused in a way that enables us to have a clear sense of direction. I am focused on ensuring that that is the case.

On the Christie principles, it is vital that we are open and transparent about decisions that we make. We need—this is probably the key point of principle from the Christie commission's work that is relevant to my work—to focus on the needs of the whole child. The child must be central to the design of the education system, and the decisions that we make must have at their heart the interests, wellbeing and developmental progression of the child.

The Convener: Are you working on having clear lines of accountability, so that when something is not working we know where it started to go wrong?

John Swinney: I am going to look at the arrangements around all the bodies that look at such questions. We have the curriculum for excellence management board. There is a subgroup of that board—the assessment and qualifications working group. I chair one of the groups, but I do not chair the management board. I have inherited those arrangements and I will look at them in a timely fashion to ensure that they operate effectively, clearly and transparently, so that lines of accountability are clear.

We must accept—nothing that I do about education will detract from this—that there are multiple layers of accountability in education. The Government has some responsibility, agencies have responsibility, schools and teachers have responsibility, and there are various other points of accountability. We will never remove the multilayered accountability requirement, because we need different layers in the education system to be accountable and to take ownership of responsibility for ensuring that we deliver quality education in Scotland.

Ross Thomson (North East Scotland) (Con): The committee's Scottish Parliament information centre briefing for today's meeting says that the budget for curriculum for excellence is being reduced across SQA, Education Scotland and central Government budgets. That comes at a time when the SQA has told the committee that it is going through an intense period of assessment redesign, which is on top of its business as usual and its transformation programme, and it has very tight timelines to meet. It made it very clear in answer to my question that it requires additional resource.

This is also a time when Education Scotland has been charged with bearing a barrage of bureaucracy, and when we have received some pretty poor PISA—programme for international student assessment—results. The Scottish Government's response is to cut cash from the general curriculum by £4 million, to reduce money for qualifications assessment by 50 per cent and to reduce money for non-staffing budgets for Education Scotland by 16 per cent. Do you agree with Professor Lindsay Paterson that the approach is a big risk and unwise?

John Swinney: No, I do not agree. We have developed the curriculum to a very advanced stage, and the qualifications framework has, equally, been developed to such a stage. Yes—changes are being made to the qualifications approach in order to rebalance final assessments and course assessments that are done during the year. That is a more minor change to the process than a change to the design of qualifications, which is work that has been very much at the centre of SQA activity for some time now.

I have heard loud and clear the necessity for Education Scotland to be more focused and to reduce the volume of guidance that it generates, and that is exactly what I am doing. We do not need more money to reduce the amount of guidance that we produce; we just need to make sure that guidance is sharper and clearer and has more impact in the system.

I think that we have taken robust and clear decisions. Obviously I will continue to monitor all those decisions as we go through the financial

year, but I am confident that we have made a set of decisions that are appropriate for this stage of the development of Scottish education.

Ross Thomson: Thank you. Following on from that and from your point about the assessment redesign that is being undertaken by SQA, I note that on 2 November you stated to the committee that

"It is intolerable if there are errors ... in exam papers."—[*Official Report, Education and Skills Committee*, 2 November 2016; c 19.]

When she was challenged by the committee on that point on 23 November, Dr Janet Brown said that the mistakes are happening because

"people are working extremely hard"—[*Official Report, Education and Skills Committee*, 23 November 2016; c 9.],

and added that there is a need for the SQA to ensure that it has "appropriate engagements with institutions" in order to ensure quality assurance. She then highlighted resource issues. In the light of the mistakes that have been made and the need to ensure that we do not, with the very tight timeline that we are working to, repeat them, can you tell us how much of the situation is related to SQA resources and how much of it comes down to a failure of leadership in the SQA?

John Swinney: The issue that Mr Thomson raises is essentially described in the letter dated 16 December that Dr Brown sent to the committee and which goes through the various elements of the process of quality assurance in the SQA. When the committee looks at the six steps that Dr Brown has marshalled in that response, members will be able to see the processes and interventions that have been put in place to ensure that quality is assured, as part of the process.

I visited the SQA just last week. It is important to remember the scale and number of transactions in which the SQA is routinely and habitually involved. The number of transactions is colossal, and they all have to be accurate. I spent some time with the team that is responsible for the presentation of examination papers, and the amount of care, attention and focus on detail that goes into every single paper that the SQA puts forward obviously presents a huge challenge. There are teams doing that work, and Dr Brown has set out very clearly in her letter to the committee the various steps that are being taken to make sure that the work is accurate. Essentially, that is a very basic requirement of what the SQA needs to deliver on behalf of the examination system, and it must make sure that the system is accessible to, and dependable for, young people who are sitting examinations.

10:15

Ross Thomson: At that 23 November meeting, my colleague Tavish Scott challenged Dr Brown on the submissions from teachers, which made it quite clear that teachers are being swamped with guidance and documentation. One submission from a teacher expressed concern about

“81 pages of guidance across five different documents”

across three different websites. Members of the committee expressed concern that there was

“a danger of sinking in a sea of jargon”.—[*Official Report, Education and Skills Committee*, 23 November 2016; c 20.]

Part of the response was that there would be a transformation programme resulting in changes to the information technology system, which also worried some committee members. From experience of what has happened with IT systems in other parts of the Government, is the £1 million that is allocated in the budget for a new IT system a realistic amount? When do you believe the new system will be in place and available for teachers?

John Swinney: The systems that are being developed are internal systems within the SQA. The SQA is hugely dependent on technology. That is very obvious when you visit the SQA’s operations—you can see how technologically dependent it is in processing and handling the range of transactions that are under way. We have responded to the requirement for additional capital resources to support IT developments within the SQA. IT developments are a routine part of developing the work of the SQA and ensuring that it has the capacity to deliver for the examination system. The work is programmed for 2017-18, so the resources will be available to undertake the IT improvements within that timeframe.

The SQA is clearly learning lessons—Dr Brown made that point clear to the committee—about its communication process in order to make sure that it is as robust, effective and useful as it can be for teachers and for students.

Daniel Johnson (Edinburgh Southern) (Lab): My line of questioning follows on from that, in some ways. I think that it is fair to say that the committee was quite overwhelmed by the survey results that we got. A clear majority of teachers are less than satisfied with the level of support, and they lack confidence that the SQA and Education Scotland are really supporting the objectives. I will just read out one quotation.

“I think that a lot of the negative views are associated with the way in which the qualifications have been designed and implemented and the way in which they have worked. What we have done—and continue to do—is try to understand why they have not worked in the way that we anticipated they would work.”—[*Official Report, Education and Skills Committee*, 23 November 2016; c 46.]

That is not from one of the submissions; that was Dr Janet Brown speaking in the 23 November committee meeting. Does that quotation—and, indeed, our survey results—not indicate that the issues that are faced by the SQA are perhaps rather more serious and urgent than you initially made out this morning?

John Swinney: It is very important to listen to and engage with feedback, and to listen to survey evidence. However, I want to make a point about some of the survey evidence that the committee took. The committee published a piece of survey evidence on Education Scotland based on feedback from 211 out of 50,000 teachers—211 teachers made comments about Education Scotland. It was a voluntary survey that was not weighted, did not use a properly constructed sample and involved just 211 teachers. I do not say that to belittle the survey; I say it to put it into context. We have to be careful about what we deduce and what conclusions we draw from that type of dialogue.

The Convener: I accept what you are saying about the education survey. However, we got exactly the same message on the SQA from all the various sources.

John Swinney: I am just putting the survey on Education Scotland into context.

What is the SQA’s purpose? Its purpose is to deliver a credible assessment and certification framework that ensures that young people who undertake courses can obtain a reliable and credible certification at the end of the process. In my experience, that is seen to be the case in Scottish education, and SQA certification is viewed as reliable and dependable.

The issues that have been raised about dialogue, engagement, communication and guidance are all legitimate, and I am certain that there is room for improvement in the performance of the SQA. It has to make sure that it focuses on that task and faces that challenge.

Daniel Johnson: When the head of the SQA, which is responsible for the examination system, says in essence that the problems that the SQA faces are to do with how examinations have been designed and implemented and how they work—which is what the report says—should that not be ringing some very serious alarm bells?

John Swinney: That already has rung alarm bells. We have removed unit assessments from national 5 qualifications and higher: we are undertaking a programme of reform. The design of the qualifications relied, to an extent, on unit assessments, but they have been judged by the profession to be cumbersome and duplicative in terms of assessment of young people. I have taken action to address that point: we will remove

unit assessments, starting from the 2017-18 diet, to make sure that the assessment burden is not as cumbersome as it has been.

The Convener: This will be Daniel Johnson's last question.

Daniel Johnson: The point was not made in response to a question about unit assessments—it was a response to the examination system as a whole and how the SQA interfaces with teachers. I do not think that pointing to unit assessments is sufficient.

John Swinney: Well, I do. Let us look at the relationship between the curriculum and the examinations. Curriculum for excellence is designed so that the young person's performance is not solely and exclusively assessed by a final examination. Course assessment contributes to the overall assessment. That is a requirement of curriculum for excellence. The final examination assesses and tests particular elements of knowledge and learning.

Unit assessments were added to provide further rigour in the process. The judgement of the assessment and qualifications group and the curriculum for excellence management board was that the assessments were duplicative, so I have addressed that view by removing unit assessments. Nobody is saying that we do not need coursework assessment as part of the overall examination structure—it is an inherent part of curriculum for excellence—and nobody is saying that we do not need a final examination. I can think of various people who would be howling at me if final examinations were to be removed from courses. I have, however, addressed duplication through unit assessments.

I refer to that to address Daniel Johnson's point. When people raise issues about the examination system, they are not questioning the coursework or the final examination, nor would it be credible for them to do so, because curriculum for excellence requires coursework assessment and we need final examinations to assist in the certification process. Where there is duplication in the system, however, we should be prepared to address it, and that is what we are doing.

Daniel Johnson: All I ask you to do—

The Convener: I am sorry, but we have to move on. I had said that that was to be your last question.

Richard Lochhead (Moray) (SNP): As you said in your opening remarks, cabinet secretary, education is the Government's "defining mission" over the next four and a half or five years. I certainly do not envy you your task, given how complex the subject is, as the committee has been finding out over the past few months.

Can you comment on the issue of attainment? Clearly, there is a huge emphasis on closing what has been termed the attainment gap. I know that that is a responsibility not just of the Cabinet Secretary for Education and Skills—we do not want to fall into the trap of thinking that the attainment gap can be resolved only in the classroom; wider social and economic factors are also involved. I know that the Forestry Commission funds development officers in Education Scotland and that the justice ministers fund initiatives that are used in many schools in Fife and elsewhere. Across Government, other cabinet secretaries and ministers have roles to play. How have those efforts been co-ordinated? Do you intend to look at that, so that, in four and a half years, we are where we want to be?

John Swinney: The policy foundations of what the Government is trying to do on education are linked together by three major policy planks: getting it right for every child, curriculum for excellence and developing Scotland's young workforce. Those three policies essentially draw together the thinking and analysis that are required if the Government is to properly address the needs of every young person. If we genuinely focus on getting it right for every child, we have to accept that educational contributions, health contributions and, maybe at times, justice contributions will be required. We have to make sure that they are aligned as effectively as possible.

One of the principal ways that joint work is undertaken within Government is through our public service reform work, so that we are all aligned with regard to those priorities and the joint working that goes on among different portfolios.

If it is complicated to share that more widely within Government, it is even more complicated to do so outwith Government. We have drawn together the work of the early years collaborative and the raising attainment for all collaborative into one venture called the children and young people's collaborative, which brings together health professionals, educationists and people from the criminal justice system and the third sector—a whole variety of different individuals from right across the country and all the community planning partnerships—to make sure that we are part of a joint learning process. That gives cohesion to the way in which the agenda is taken forward at not just local but national level.

The fundamental premise of Mr Lochhead's question is one that the Government accepts: that work needs to be reflected across all areas of Government. Indeed, the Children and Young People (Scotland) Act 2014 required different parts of the country to develop the child's plan to make sure that we are properly drawing together

work that brings together the activities of a range of stakeholders.

Richard Lochhead: On closing the attainment gap, I want to ask about how we ensure that the needs of rural areas are taken into account when it comes to budget allocation. I know that there is also a role for local authorities.

When I was at Speyside high school this week, the important role played by after-school clubs in closing the attainment gap came up in conversation. Speyside high school covers the whole of Speyside. When children stay behind, they cannot get the usual buses, and as there are really no public transport links, extra transport has to be put on. The school was spending £10,000 a year on buses for the after-school club. However, that money cannot be spent any more because it is no longer available, so the after-school club is not available to as many children as it was before. That is just an example of the additional challenges that rural schools face in closing the attainment gap. Clearly, in urban communities, there are economies of scale and better local transport links. How can we ensure that the budgets take into account the needs of rural communities in closing the attainment gap, given the extra challenges that they face?

10:30

John Swinney: Some of the issues that are involved in that question are reflected in the role of the adjustments for rurality and sparsity of population, for example, that go into the local government settlement. The distribution of resources is designed to reflect some of those points.

In relation to the attainment challenge, in 2017-18, we are moving to channel resources directly to schools. The amounts will be driven by eligibility for free school meals in the area—that is, the existence of deprivation. Therefore, the need to ensure that resources reach all the instances of deprivation around the country will be much more prominent in the distribution of those resources—the £120 million that I talked about. Up until now, we have not followed such an approach—our approach has been based very much on the Scottish index of multiple deprivation, which is an effective mechanism for identifying groups and areas of deprivation but not individual instances of deprivation. The approach that we are taking in the distribution of the attainment fund resources in 2017-18 will enable us to do that. I am mindful of the points that Mr Lochhead raises about the importance of ensuring that the approach that is taken supports and assists the delivery of services in rural areas, which will have a different character from that of urban areas.

Richard Lochhead: It may be helpful to look at the cost of transport to rural schools. That is £10,000 that an urban school does not have to find for after-school clubs and closing the attainment gap.

I have raised with you the potential mismatch of the inclusive education approach and resources for additional support needs. Over a number of years, we have changed the nature of the classroom through inclusive education, but that can lead to some teachers or schools being overstretched because the resources are not there to provide additional staff to help with additional support needs. That can put a lot of pressure on the classroom. Will you look at that?

John Swinney: I will look at that carefully—we have given commitments in Parliament to do that.

I return to my point about the foundations of education policy. If we are genuinely aiming to get it right for every child, we must ensure that the correct judgments are made for every young person. The presumption of mainstreaming has been pursued vigorously, and there are some outstanding examples of good practice around the country, where the approach to mainstreaming has had a profoundly beneficial effect not only on young people with additional support needs but on young people who do not have additional support needs, because it has enhanced their perspectives of the world, their community and their fellow citizens. However, we must satisfy ourselves that the correct judgments are made. The issue is very much to the fore in parliamentary consideration, and I intend to look carefully at it in the period ahead.

Tavish Scott (Shetland Islands) (LD): Further to Richard Lochhead's line of questioning, can you confirm that the draft budget introduces a new, specific, ring-fenced grant to local authorities—the £120 million that you mentioned—as part of the local government settlement? Is that technically correct?

John Swinney: Yes, I think that that would probably be a description—

Tavish Scott: In your opening remarks, you mentioned that that funding is on top of the existing £50 million budget, so—correct me if I am wrong—there will be a budget of £170 million next year.

John Swinney: That is correct.

Tavish Scott: How will that be audited?

John Swinney: How will it be audited?

Tavish Scott: Yes.

John Swinney: All of it will be audited as part of the assessment of the Government's accounts by the Auditor General.

Tavish Scott: Indeed. However, what I am driving at is that that £170 million will be audited by the Government, not by local government, which is responsible for its own spending on education.

John Swinney: Local authorities will receive some of the £50 million directly, so it will be a shared process whereby the Government will be audited on the distribution of the resources to local authorities and local authorities will be audited on the basis of how they spend the money. The Government will specify what the money is for in grant conditions, under which the local authority and the individual school must operate.

Tavish Scott: Therefore, schools will be accountable to you, as the cabinet secretary, for delivery against those grant conditions.

John Swinney: We certainly want schools to use those resources in accordance with the guidance that we have set out, which will inform how the resources can be used to improve attainment.

Tavish Scott: Are you prepared to share that guidance with the committee, so that at some point we can see what has actually happened?

John Swinney: We are in active discussion with local authorities about those points just now, but of course I will be happy to provide any information that the committee requires.

Tavish Scott: Further to Richard Lochhead's broader point about local government spending, has the table on local government spending—the money specifically for councils—that all members received when the budget was published last week been overtaken by another table? Have there been changes since that table was issued to members?

John Swinney: A revised table was issued after dialogue with the Convention of Scottish Local Authorities at the end of last week.

Tavish Scott: Okay. When Councillor Michael Cook gave evidence to the Local Government and Communities Committee on teacher numbers, he said that the policy

"gives us considerably less flexibility in terms of how we employ that resource."—[*Official Report, Local Government and Communities Committee*, 9 November 2016; c 7.]

Is that a fair observation?

John Swinney: I think that it is pretty clear; it is not much of a secret that the Scottish Government and local government have not exactly seen eye to eye on teacher numbers.

Tavish Scott: I understand that.

John Swinney: Local government has wanted to reduce teacher numbers and the Government

has put in place the mechanisms to make sure that that does not happen. The census that we published last week shows that it has not happened. It is no secret that we have not seen eye to eye on that issue.

Tavish Scott: I think that it would be fair to say that some—but by no means all—local councils have wanted to reduce teacher numbers. That aside, do you acknowledge that to some people it appears that the direction of travel is increasingly leading towards the Government having more direct control over what is going on in education at the local level, and that the budget is being used to further that policy objective?

John Swinney: The Government has set out an approach to education improvement, as demonstrated by the national improvement framework that was announced by the First Minister in January of this year. I fulfilled our statutory duty to publish a national improvement framework by publishing the document for Parliament last Tuesday. The document sets out how the Government will take forward its statutory responsibility to set the direction for Scottish education and the necessary and legitimate steps that it will take to make sure that that is pursued around the country.

Tavish Scott: In the document, which you spoke to in Parliament last week, I counted six—correct me if I am wrong—new initiatives as I went through the plans. Would it be fair to say that they all have resource implications?

John Swinney: They are designed to give direction to the way in which we take forward improvement in Scottish education.

Tavish Scott: I totally accept that, but I am asking about the resource implications.

John Swinney: We allocate very significant resources to enable the delivery of educational priorities around the country.

Tavish Scott: Okay, thank you.

Ross Greer (West Scotland) (Green): I will continue on the theme of local government funding. I do not want to repeat the debate that we have been having since last week on the proportion of the cut facing local government. However, if we take as our basis the amount cut from the local government budget that is given in our SPICe briefing and assume that there will be a proportional cut to local government's education spending, we get a figure of around £106 million. What does the cabinet secretary think the impact of that will be?

John Swinney: The Government has enhanced the spending capacity of local authorities in Scotland through a number of different measures. They include the changes to council tax banding,

which the Government has taken forward and has secured parliamentary support for; the Government's decision to enable increases in council tax of a routine level; and the transfer of resources to support health and social care integration. All those initiatives have helped to boost the spending power of local authorities.

Ross Greer: With respect, that does not really answer the question that I asked. What impact will the cut have on the education that local authorities deliver?

John Swinney: We must bear it in mind that the resources that we are putting in place come from a variety of funding streams. The Government is putting in central Government resources, and we are enabling local authorities to raise more revenue, to enhance their spending power at the local level. That will have a profound and positive impact on their spending power.

Ross Greer: Such empowerment comes within the constraints of a broken local taxation system, but let us leave that aside.

The amount that is being cut—and the figure of £106 million in our briefing from SPICE is more generous to the Government than other figures that I have seen—is roughly the same as the attainment fund, which is £120 million. Is it fair to brand the attainment fund as additional funding for local government and schools, when it is roughly the same amount as the amount that is being removed from the budget?

John Swinney: I do not agree with your analysis, so let me repeat what I have said. The Government is putting in place grant in aid. It is adding financial flexibility at local authority level; it sought a mandate for that in the election and has taken the measure through the Parliament. That measure enables local authorities to raise more revenue from council tax—we are enabling local authorities to raise the council tax by up to 3 per cent. We are also investing resources in health and social care integration. The consequence of all that is to increase the spending power of local authorities by £240 million.

Ross Greer: I do not think that we will resolve our disagreement. I might come back in later.

Johann Lamont (Glasgow) (Lab): The committee has taken evidence from the SQA and Education Scotland. Cabinet secretary, I would not expect you to read in detail all the evidence from our survey—you are far too busy—but I am concerned that someone in your department thought that they could offer a good rebuttal by counting the survey responses and comparing the result with the number of teachers. I ask you to look again at what teachers are saying. It took me three hours to read the evidence, and what came through very strongly was that committed

professionals are genuinely concerned that the system is not working. I urge you to reflect on the evidence and not to accept an official's attempt to explain it away.

I note that the justification for the halving of the SQA's budget is that the

"budget decrease stems from a maturity of the CfE and completed implementation of the new national qualifications."

Do you accept that probably very few people in Scotland agree with the suggestion that curriculum for excellence has reached maturity? A lot of the evidence reflects a huge sense of uncertainty in the sector and among parents about what is happening in our schools.

John Swinney: On your first point, I was simply making a contextual point about the scale of responses to the committee's online survey. I look very carefully at feedback from the teaching profession and am in dialogue with the profession at all levels, on a sustained basis. Many of my actions are driven by conversations with the teaching profession. Such conversations inform my judgments about where we have reached in the implementation of curriculum for excellence and inform my budget decisions.

The concept of curriculum for excellence began, in essence, about 14 years ago—

Johann Lamont: I was not asking about that; I was talking about the lack of certainty on the part of a range of people about curriculum for excellence's implementation. I accept that you take feedback from teachers. The Scottish Association of Geography Teachers described the exam paper as a shambles—I think that that captures the association's view. If teachers are saying that and highlighting their concerns about curriculum for excellence to Government, to contextualise teachers' responses in the way that has been done is inadequate.

This is not all at your door; it is also about the SQA and Education Scotland. In response to questions, the SQA said, "Well, you know what teachers are like. They don't want to change." I am very concerned that you are making budget decisions based on an understanding of the concerns around curriculum for excellence that, frankly, contextualises them as frivolous. Do you accept that there is a serious question here, and that it is a significant risk to have a budget follow one view of what the problem is when the problem is a lot deeper?

10:45

John Swinney: Johann Lamont used the word frivolous, but that is not a word that I would use—I put that firmly on the record. I take very seriously

my engagement with the teaching profession and I listen carefully to teachers. As a consequence of that, in August I directed that guidance be given to the teaching profession—I described it in my own covering letter to every teacher in the country as the definitive guidance on delivery of curriculum for excellence. That guidance empowers the teaching profession to disregard vast amounts of stuff that had been put in its way, which I accepted was duplicative and cumbersome.

The committee is free to test what I am about to say with the teaching profession if it wishes to do so, but I have to say that the feedback that I have had from teachers about the guidance that was issued in August was that it was enormously helpful in simplifying the guidance and the approach that the teaching profession had been operating within. I offer that statement honestly to the committee: that is the feedback that I have had. I go about my consultation dialogue with teachers in a fashion that invites them to tell me things and to contradict me if I am not reflecting what they are telling me, but the guidance has been viewed by those in the teaching profession who have made their views known to me as being of enormous assistance in simplifying the curriculum and the guidance that is available.

There is a sustained programme for ensuring that the guidance is relevant for the teaching profession. What has happened over the past few years is that, as curriculum for excellence has been rolled out, there have been calls for more clarity and guidance, and those have been offered on a number of occasions.

Johann Lamont: Cabinet secretary, can you—

John Swinney: Please allow me to speak. What has happened—I have made this point to the committee and to Parliament—is that the guidance had become a cumulative burden for the teaching profession, and I am now setting about ensuring that clarity is delivered. We have started that process and I intend to sustain it.

Johann Lamont: The point that I was making was whether, in the context of where we now are, and accepting that the guidance has been changed, halving the budget is wise.

I want to ask about a related budget matter. The Educational Institute of Scotland pointed out in one of its submissions that there has been a 500 per cent increase in certification external to Scotland by the SQA. When we raised the issue with the SQA, we were told that that was done, in essence, to help balance the budget. In order to deal with the shortfall in the budget, it has to do more external work, and the concern must be that that would dilute its focus on its real job, which is to give confidence in the examination system in Scotland. Will you at least look at that issue? The

SQA was clear that one of its reasons for doing that was to bolster its budget. Is that approach advisable at a time when you are cutting the SQA's budget and when people still have grave concerns about curriculum for excellence?

John Swinney: There are two points to make in response to that. One is that I will continue the practice of my predecessors in assessing the performance of the SQA budget during the course of the financial year to determine whether the judgments that are made at this stage can be sustained. The second is that the SQA is clear, from the guidance that it is given by ministers, that international activity can be undertaken only in a fashion that does not distract it from the core purpose of delivering quality accreditation within Scotland.

The Convener: Fulton MacGregor wants to ask a short supplementary.

Fulton MacGregor (Coatbridge and Chryston) (SNP): Thank you, convener. I wanted to come in earlier on Daniel Johnson's question about the survey. Things moved on at that stage, but then Johann Lamont raised the issue again.

I have to say that we did get a lot of negative feedback, but I disagree with Johann Lamont: I think that it has been useful for the cabinet secretary to put the matter into context. However, it means that we have to address two questions. Are the 200-odd folk who have responded talking for everybody, or do the 95 or whatever per cent who have not responded actually represent the majority? Do you think that it would be useful for the SQA to carry out its own quantitative research on the matter in amongst all the other things that it is doing? After all, it is important that whatever teachers' views might be they have faith in that particular organisation.

John Swinney: First, the SQA does a significant amount of engagement with members of the public and the teaching profession about the work that they undertake, and it is crucial that it learns lessons from the feedback that comes from that. I know that Janet Brown and her team are committed to doing that.

Secondly, I would be the first to accept the need to reduce the amount of guidance percolating around the system. Indeed, I do not think that anyone could accuse me of not accepting that, and that is precisely what I am doing in response to the views and attitudes of the teaching profession.

The Convener: I will take a very short supplementary from Daniel Johnson.

Daniel Johnson: The cabinet secretary cast doubt on our survey results on the basis of the numbers received. He has just said that he has

had positive feedback from teachers about his improved guidance, but can he tell us how many teachers he has received that feedback from?

John Swinney: Probably thousands, to be honest. I visit several schools every week, and I spent a lot of time at the Scottish learning festival, just walking around and talking to the teachers who were there about these issues. I can see that I have touched a raw nerve in the committee about the survey, but I simply make the point that we have to keep in context some of the feedback that we look at and ensure that we take a broad, comprehensive view of all these questions.

Daniel Johnson: You can understand, though, why we might view your reporting back of informal conversations with a similar level of caution.

John Swinney: I invited the committee to go away and check them, so Mr Johnson could take—

Daniel Johnson: But—

The Convener: Daniel, we are here to ask questions. Indeed, I want to ask a couple of questions on this issue before we move on to further and higher education.

First, I clarify that the 211 figure that has been mentioned—this is the last time that it will be mentioned today—was about Education Scotland. The larger figure was about the SQA.

I was at a school in my constituency just recently, and I must be honest and say that the people there were very complimentary about CFE. They could see the impact on and the positive outcomes for kids coming through CFE; for example, they said that they had a different attitude from the other kids. I thought that that was good and should be put on the record, given some of the stuff that we have heard recently.

On the attainment fund, will headteachers be able to use the money that is going directly to them in a particular way? For example, I visited a mentoring project in Glasgow. Would schools be able to use some of the money from the attainment fund to access something outwith the immediate education authority such as that project?

John Swinney: Convener, you will forgive me if I do not give a view on examples of purposes for which the money could be used—

The Convener: I am not necessarily talking about that particular project; I am just asking whether the money could be used for something outwith the authority.

John Swinney: I understand your point about the broader context of how the resource could be used to improve attainment. Subject to our being confident that such measures would assist in

improving attainment, there would obviously be flexibility to take such an approach.

The Convener: Thank you. We move on to questions on further and higher education.

Liz Smith (Mid Scotland and Fife) (Con): When Keith Brown appeared before the committee, he confirmed that the Scottish Government's intention was to abolish the Scottish funding council. On what evidence is that proposed and, when the SFC is abolished, what will replace it?

John Swinney: We are undertaking a review of the enterprise and skills activity in Government and how we can achieve greater alignment between all the different activities that a range of bodies undertake. At the conclusion of phase 1, we identified the need for there to be greater and clearer alignment between the different bodies' work on focusing on improving productivity in Scotland. Keith Brown's letter to the committee marshals the feedback on which that view is based.

The mechanism that the Government has identified to do that, based on the dialogue that was undertaken as part of phase 1 of the review, is a single strategic board that can drive the process. That is about ensuring that our interventions and approaches are aligned to the common purpose of improving productivity and strengthening the Scottish economy's performance as a consequence. Phase 2 of the exercise will consider in detail the questions that arise out of that in-principle view. That is the work that the ministerial group is now advancing.

Liz Smith: We asked Keith Brown to provide us with additional evidence to support that view. I do not think that the committee is yet satisfied that it exists. Are you satisfied that the evidence for abolishing the SFC and replacing it with something else is strong?

John Swinney: The evidence is strong because the problem is that we do not have strong enough alignment between the different aspects of the agenda that we take forward as a country. In Scotland, we have a productivity challenge that we must take steps to try to address. We have gone through a process of dialogue and consultation to identify steps that would help us to create greater focus on improving productivity. The proposal that Liz Smith asks me about is the product of that discussion. There is the opportunity to focus on that aligned agenda and improve productivity but we must consider a lot of the detail to ensure that, in doing that, we take all the correct decisions to address all the public policy questions that follow from it.

Liz Smith: That is in phase 2.

John Swinney: Yes.

Liz Smith: I will ask a few questions about the budget.

John Swinney: I should also clarify that there is no question of us abolishing the funding council, which is what Liz Smith put to me.

Liz Smith: However, you are abolishing its board.

John Swinney: I make the distinction that a funding council role and responsibility would continue but there is a prospect of a single board examining the activities of all the constituent organisations to provide the necessary alignment.

Liz Smith: I ask for a little bit of clarity on that. You are saying that there will be an overarching board that will combine the enterprise agencies and the Scottish funding council, but the Scottish funding council as it is now will not exist. Is that correct?

John Swinney: Well, the role that the funding council undertakes as an interface with further and higher education bodies will have to continue but we propose to establish a single, overarching board to oversee all the issues and agendas that are involved in the relevant bodies.

Liz Smith: I am not sure that that is what we were told before, but I thank you for that.

I turn to the budget. Professor Andrea Nolan said:

“this settlement does not enable recovery towards sustainable funding of universities’ core teaching and research activities.”

That ties in with the observations in key message 4 in part 2 of the Audit Scotland report earlier in the year, which made the point that achieving the Scottish Government’s policy ambitions is exceptionally challenging because of the Scottish budget constraints. I stress that Audit Scotland acknowledged that Brexit has an impact on that, too.

Does the cabinet secretary agree with those concerns and with the point that was made plainly by Alastair Sim at the Public Audit and Post-legislative Scrutiny Committee on 1 December, that the university sector is facing very considerable risks because of the current financial situation with the Scottish budget?

11:00

John Swinney: Let me work my way through the various issues involved. The funding settlement for the universities—for higher education—is a cash increase in total between resource and the capital departmental expenditure limit compared with the budget in 2016-17. That is

the first point: it is a cash increase in total. That is because there is a £20 million uplift in capital.

I accept that there is a £13 million reduction in resource. Within that £13 million reduction, however, about £8 million will be reduced, although we have made changes to the universities’ ability to increase income and that will enable them to raise resources to replace the lost income in Government funding. The net reduction in resource is £5 million in the forthcoming financial year.

The Audit Scotland report that was published in July recorded that the overall financial health of the sector in 2014 was good. It said that

“Universities as a whole had income of £3.5 billion”,

that the sector’s overall

“income increased by 38 per cent in real terms”

between 2005-06 and 2014-15, and that

“In 2014/15 the sector made an overall surplus of £146 million ... Most universities have generated a surplus every year in the past decade.”

The report added:

“overall reserves stood at £2.5 billion.”

That is the context into which a reduction of £5 million of resource has to be considered as part of an overall consideration whereby the cash resources that are available to universities will have increased from 2016-17 to 2017-18.

Liz Smith: I do not think that anybody disputes the statistics that you have just read out, but I highlight the comments from Universities Scotland and, in particular, the exchange that Alastair Sim had with John Kemp at the Public Audit and Post-legislative Scrutiny Committee. I also note what Andrea Nolan has said: the funding settlement does not provide the sustainability to maintain the academic excellence and the competitiveness of the Scottish universities, which is so renowned—and it is obviously a prime priority to ensure that that is maintained. That is the issue that Universities Scotland is raising. Budgets are often set on a one-year basis rather than a three-year basis, and Universities Scotland is making a very strong point that it would like there to be a review of the principles that underpin funding. Is that something that you will move to ensure?

John Swinney: I have had a lot of discussion with the universities, both in my previous role as finance secretary and as education secretary, about a combined and collaborative agenda to ensure that they can fulfil their potential. I have made clear publicly and to the universities the extent to which I believe they represent a significant and critical economic resource and asset for Scotland. I am keen to work on an agreed agenda that will strengthen the sector in

the years to come. I clearly understand the arguments for longer-term financial settlements, but the budget that is being undertaken is a one-year budget. The Government took its decision in that context.

We have a higher education strategic funding group, which principally involves a meeting between some principals and other officials from the universities sector, my own officials and the Scottish funding council. The Minister for Further Education, Higher Education and Science and I have interacted with that group on a couple of occasions.

A lot of good work has been undertaken to get us to the financial settlement that has been put in place. The various options and issues have been part of the discussion that we have talked about. The income generation opportunity that I referred to has been discussed with the higher education strategic funding group. I am very keen to ensure that we proceed with an agreed collaborative agenda to ensure that the universities can continue to make the strong contribution that I believe the financial settlement enables them to make.

Liz Smith: My final question is based on the fact that, as you said in your opening remarks, the Scottish Government has taken a decision that people who are domiciled in Scotland will go to university based on the ability to learn rather than the ability to pay. We understand that. We do not agree with it in some cases, but that is the decision that has been made.

Notwithstanding that, we know that the demand for Scotland-domiciled students increased by 23 per cent between 2010 and 2015 and that there are more such students at university than before, but we also know that the offer rate has increased by only 9 per cent. In other words, because of the capped system, more Scotland-domiciled students are finding it difficult to get a place at a Scottish university, and they are finding it much more difficult to find a place in Scotland in comparison with other parts of the UK.

Do you, as cabinet secretary, still believe that the capped system is acceptable, particularly in light of some of the funding constraints that you outlined earlier?

John Swinney: I do. The other fact that has to be borne in mind is that participation in higher education in Scotland is not just undertaken at universities. A significant amount of higher education activity is undertaken in the further education sector in Scotland. When we get into points about comparisons of participation, we need to have a more comprehensive view than can be gained only from a direct comparison with England, because of the difference in the routes

that individuals take to secure higher education qualifications. I think that the fact that there is a much greater reliance on further education opportunities to pursue that, rather than it being exclusively in the higher education sector, would undermine the figures that Liz Smith put to me.

Liz Smith: They are Universities Scotland figures—

John Swinney: My point is that, in analysing those figures, we have to take into account the route that individuals take through the further education sector, which is more significant in Scotland.

Colin Beattie (Midlothian North and Musselburgh) (SNP): I would like to discuss governance issues around the SFC, which, as far as I can see, carries out four different functions. One is regulatory, one is funding allocation, and one is policy advice to the Scottish Government; it also seems to have a role in challenging the Scottish Government on some of the decisions that are made. Does that seem a good mix of functions for one organisation to have? Should there be an element of separation there? Is there a problem with transparency in that mix?

John Swinney: I think that the funding council exercises all of those functions. It is a body that operates at arm's length from Government and it is able to operate impartially. The legislation requires the SFC to carry out its role of securing the provision of high-quality higher and further education through universities and colleges and providing advice to the Scottish Government on those and other questions. In my experience, it is able to do that, and the remit of the funding council has been pursued within that context.

Colin Beattie: Historically, the regulatory side of the SFC has perhaps been seen as a bit weak. If we look at how that could be strengthened, at present, the regulatory side of the SFC seems to be almost non-existent as far as universities are concerned, and for colleges, the only penalty that it can impose is a reduction in funding. Putting in place a financial penalty will hit the students more than the college itself. Do you have any thoughts on how we can beef that up?

John Swinney: That gets into territory that has vexed Parliament on different occasions in the past. Ultimately, it relates to the independence of those educational institutions. The Government's view is that universities and colleges are independent institutions. To be in receipt of public money, they must have good and robust governance in place. The funding council, while not being able to intervene in institutions, certainly has an obligation to ensure that institutions take due account of the requirements of good governance.

The other aspect of the work that has been undertaken is the roll-out of outcome agreements so that there is broader agreement about what it is hoped will be achieved as a consequence of the Government's investment of public resources and what the educational institutions agree to deliver. Those steps are consistent with respect for the fact that the universities and colleges are independent institutions. They have acquired their status and take their approach within our society on the basis of that independence. The Government would not want at any stage to jeopardise that.

Colin Beattie: Turning to the budget, there has been some discussion about the way in which depreciation is handled in the colleges. This year, for example, £30.1 million has been allocated for the 2017-18 financial year to cover depreciation.

Depreciation is not a cash element within the budget and it seems an anomaly against other accounting processes across the public sector that it is handled in that way. The £30.1 million is being used to address shortfalls in funding, albeit with the agreement of the Scottish Government, because the colleges have to apply to be able to use it for specific purposes.

Will there be a review of that? Can it be brought into a normal public sector financial settlement process?

John Swinney: Essentially, what we are dealing with here are the implications of the classification of colleges as central Government bodies by the Office for National Statistics. Those requirements are applied not by the Scottish Government but by the wider classification decisions. A review of those issues is under way, involving Colleges Scotland, the Government and the funding council, to ensure that we get to a position of what I might describe as greater clarity. The arrangements are immensely complicated, as a consequence of the classification decisions, and the review will establish how they could be clearer and more comprehensible.

Tavish Scott: I have a supplementary to Colin Beattie's questions. Will the four functions that Mr Beattie rightly said are the responsibility of the funding council sit in one body?

John Swinney: We come back to the point that I discussed with Liz Smith: the funding council in its executive function will remain; we are talking about changes to board governance to provide greater alignment and cohesion of policy. The functions would still be exercised by the executive arm of the funding council.

Tavish Scott: I have some questions about the funding council's budget, particularly in relation to the Student Awards Agency for Scotland. If I am reading the figures correctly, in the past three

financial years there has been an in-year transfer from the funding council to SAAS of about £20 million a year. Why is that?

John Swinney: That will be to provide the resources that are required for particular programmes of support, as demand becomes clear during the year.

11:15

Tavish Scott: However, over three years, the transfer figure has been roughly the same amount each year. Has something not gone slightly amiss with the budgeting if it always has to happen in that way? Should that money not now be baselined into the SAAS budget instead of coming out of a line in the Scottish funding council's budget?

John Swinney: We wrestle with such judgments—I wrestled with a lot of them in my previous role—about whether to make baseline transfers or whether, for a clear line of sight, to establish continuity of baselines. There is no perfect science to it. The judgments that are made reflect the circumstances that arise during the financial year, which may vary from year to year.

Tavish Scott: I understand that.

John Swinney: Nevertheless, I take the point that, when a pattern begins to emerge, there may be an argument for baseline transfers. Indeed, the budget involves some baseline transfers going in different directions as a consequence of that analysis.

Tavish Scott: In terms of the committee's—or anyone's—ability to scrutinise properly the funding of SAAS, when a pattern has been established over three years, do you at least accept that the issue perhaps needs to be looked at?

John Swinney: I take the point that, when such patterns emerge, there is an issue to explore.

Tavish Scott: At the stage of the budget that we are about to go into, does the Government have plans to follow the same pattern—in other words, to have another in-year transfer if that is justified?

John Swinney: If circumstances require it, we will have to look at that.

Tavish Scott: You accept that, if the pattern is the same for four years, something will need to be addressed.

John Swinney: It is a fair point that there is an issue when patterns of that type emerge. I will give you another example. In table 6.06 of the budget document, you will see that the Scottish funding council's budget for 2016-17 is £1,027.2 million. There is then another column in which the budget

for 2016-17 is stated to be £1,081.3 million. The difference reflects in-year transfers to deal with medical education, for example. Those transfers happen every year, but they rather skew the numbers. There is a judgment to be made about the right time to make baseline transfers of that type.

Tavish Scott: Thank you.

Ross Greer: I refer to Liz Smith's first question. There have been some pretty significant concerns about the implications for research funding of moving the Scottish funding council into the purview of this overarching board. Specifically, the concern is that charitable foundations that are based down south—of which the Wellcome Trust is a good example—would give less or be far less likely to give because of a perception that the board was too close to the Scottish Government. From what you have said today and from what Keith Brown has said previously, is it fair to characterise the situation as being that, in phase 1, you decided to take the approach of the overarching board and that, in phase 2, you will find out what the implications of that are?

John Swinney: We will explore the details and implications of that decision in phase 2.

Ross Greer: Was it responsible to make a decision and give yourself no wriggle room to get out of it before finding out what damage that decision could cause?

John Swinney: We are looking at what can help us to focus and direct the measures and interventions that we can make to support improvements in productivity in Scotland—that is the purpose and the driver of the reform, and it is what has led us to make the decisions that we have made. We will, of course, explore all the issues to ensure that we properly and fully address any of the issues that have been raised as part of the consultation and dialogue.

Ross Greer: I fail to see how it helps to make a decision and then seek to gather the evidence about the implications of that decision. That does not look like a responsible process.

John Swinney: We have focused on answering the question that is inherent in the enterprise and skills review, which is how we can strengthen and improve productivity in the Scottish economy. That is the question that we have explored, and we have tried to take measures to ensure that that happens.

Ross Greer: I accept that, cabinet secretary. However, there are significant implications of your decision that you do not seem to have even looked into before making it.

John Swinney: There are other relevant policy considerations. The Government will not make decisions—

Ross Greer: Are they relevant to phase 1?

John Swinney: They are relevant to phase 1, and they have been—

Ross Greer: What evidence did you gather about the impacts?

John Swinney: They have been reflected in phase 1, in the steps that the Government has taken, for example, to make it clear that the independence of higher education institutions is not something that we wish to affect in any way.

The nature of that commitment affects how we take forward, operationally, the announcements that were made during phase 1 of the enterprise and skills review. The conclusions of phase 1 have taken account of a variety of policy considerations, to enable us to give greater attention to improving productivity in Scotland.

Ross Greer: It seems a worrying process. I think that the committee would benefit if you could provide further evidence on the implications of the conclusions of phase 1.

John Swinney: The Government will be happy to have further discussions with the committee on the conduct of the enterprise and skills review. Ministers will be happy to participate in that process.

Daniel Johnson: It has emerged that there was a £50 million underspend in the higher education budget. Indeed, Universities Scotland said that the underspend is

“concerning for universities given there were real terms cuts to overall teaching and research budgets last year ... Having £50 million right now would be a significant help in starting a climb back to sustainable funding levels”.

Why was there a clawback of the money? What is your response to Universities Scotland's comment?

John Swinney: The funding council made it clear to the Government that it was carrying an underspend of £50 million within its resources. Transparency about underspends that Government organisations are carrying is part of the obligation of all such organisations and is something that I required of all Government activity when I was finance minister, as did all my predecessors.

As we looked at the issue, we satisfied ourselves that the financial commitments that had been made to universities and colleges had been met in full and the resources that were available to them were the resources that had been promised to them as part of the budget settlements.

In essence, resources had been generated as a result of the difference between the timing of the delivery of resources to the funding council in a financial year and the timing of the distribution to institutions in an academic year—we are talking about two different timescales.

Every financial commitment, to every institution, was met in full, but the funding council held an extra £50 million. I judged that that had to come back into the centre, because budgets operate on the basis that resources should be available to the Government to deploy as it sees fit. That was the process that was concluded as part of the consolidated accounts for 2015-16, which were lodged with the Parliament in September.

I am not surprised that Universities Scotland said that it wants more money. Not many organisations have sat in front of me and asked for less money, in my experience.

Daniel Johnson: I will ask a question that is supplementary to Ross Greer's questions. We understand that the enterprise and skills review is about productivity, but the Scottish funding council's primary interest is education. When Tavish Scott asked Keith Brown about science, technology, engineering and mathematics and the impact of the proposed move, Keith Brown said that those considerations were outwith the scope of the review, so I am a little confused about where the education aspects of the review lie. Are they in scope or not? Have they been considered or not?

John Swinney: The issue is alignment to support economic development in our country. We have been able to guarantee a number of things in the higher education funding settlement: resources for teaching, resources for research and resources for widening access.

The £5 million of budget reductions that we are seeking will come out of the strategic projects that the Scottish funding council is taking forward. Teaching and research and widening access will be assured.

The research content of the universities has a profound impact on our economy and there are links from that to the business community. I certainly hear from the business community that there is great aspiration to ensure that there is more collaboration and more partnership to ensure that the fruits of that research activity are felt profoundly within the Scottish economy. That is the scope of the review and that is what we are trying to achieve as a consequence.

Daniel Johnson: Have you considered the education impacts?

John Swinney: We will be looking at a number of questions in relation to the learner journey. We

flagged up in the programme for government that it was a material issue to take forward. We will be engaging very actively with the education sector on all those activities.

Daniel Johnson: I think that that is a “not yet.”

Gillian Martin (Aberdeenshire East) (SNP): I look more broadly at what we need to achieve and I do not put education in a silo, away from industry. Would it be fair to say that the enterprise and skills review has been born out of many, many years of industry and workplaces commenting on the fact that we are not providing people with the right skills to fill the skills gap—that people have not been career ready—and that it is an attempt to join up both sides of the coin to make Scotland a more productive place?

John Swinney: I certainly agree that we need to look at different services within a broader context and education plays a significant role in and makes a significant contribution to our economic development. It is vital that we establish the connections and the links that enable that to happen. The purpose of the enterprise and skills review is to enable us to have that more profound economic proposition that can support the development of opportunities within Scotland.

Skills are a crucial part of that. Again, in my dialogue with different sectors of the economy, a point that is made to me fairly frequently is the importance of ensuring that the skills generated within the economy are able to make that contribution to our society.

Gillian Martin: Would it be fair to say that there has been more strategic planning in cabinet across all the portfolios? Skills gaps have been identified across a lot of the portfolios in relation to what the Government is trying to achieve and education will play a key role in that.

John Swinney: We need to reflect that across the cabinet table, yes.

The Convener: Fulton MacGregor has a question on child protection.

Fulton MacGregor: In yesterday's chamber debate on improving the care experience for looked-after children, the root-and-branch review of the care system in Scotland was discussed. How will that review impact on the budget in relation to child protection and local authority delivery of services?

John Swinney: There is a very welcome opportunity for us to ensure that we properly and effectively deliver an approach to supporting looked-after children—arising from the debate yesterday—in a way that builds on a lot of the good practice that exists within Scotland today but ensures that we deliver better outcomes for many of those young people.

Parliament had a very constructive debate yesterday on how that approach might be taken forward. Some of this goes back to what Richard Lochhead asked me about earlier. It goes back to how we align all the different interested parties to focus on the needs of the child and ensure that that child is central to the support and the judgments that are made and that we take forward a reform of the system in a fashion that will ensure that we can improve the outcomes for the individuals concerned.

Fulton MacGregor: Does the cabinet secretary think that the root-and-branch review will broaden the child protection process for young people?

11:30

John Swinney: If we improve the outcomes and the support routes for looked-after children, we have an opportunity to significantly reduce the case load experience of young people in the care system and, as a consequence of that, ensure that they are better supported. The costs that can be associated with not focusing on the child, or with services not being joined up around a young person, are one of the issues that we want to explore in the looked-after children review, to ensure that young people get the support that they require. We think that there are significant opportunities to improve outcomes as a consequence of that approach.

Fulton MacGregor: Thank you. I was conscious, as I asked that question, that I had intended to ask a further question on the child protection framework, but I realise that we are focusing on the budget, so I will leave it at that.

Johann Lamont: Fulton MacGregor is right. Some of this is about policy rather than budgets, but I want to make an observation and invite the minister to reflect on it. Young, vulnerable people, whether in care or out of care, or whether moving into and out of care, may be at risk. How does the need for services for those young people and for an ability to respond quickly match with the desire to drive responsibility for governance down to individual schools and regional boards? Do you not agree that, if a young person is going to different schools, creating services around that young person in a coherent way can be supported by the current model of local authorities, rather than the one that is being proposed?

John Swinney: We have got to take great care to ensure that the dangers that Johann Lamont raises as possibilities do not materialise, but my experience, having seen a number of good examples, is that schools have been absolutely central to providing the foundations of support to young people who are vulnerable, to meeting their needs and to acting as a central hub for how that

support is marshalled. My experience of the schools of Scotland is that they are very focused on the wellbeing and development of young people and on ensuring that young people are properly, fully and effectively supported. That approach is one that will be of enormous assistance in ensuring that we improve the opportunities and outcomes for young people.

Johann Lamont: I have no doubt that individual schools do a lot to support individual young people. The point that I am making is that, very often, those young people are across a whole range of schools and that support services in individual schools have been reduced. The capacity for a local authority to support and have policies for a range of young people is surely enhanced by being able to work across a local authority area, rather than breaking it down into individual schools. It is a genuine concern. You could argue about governance around individual children, but for vulnerable groups, where local authority services come from social work, housing and all sorts of groups, is there not a risk? I urge you at least to reflect on the possibility that that group of young people, who do not sit in one school for the whole of their education, but who may be moving around, need the authority to have the capacity to identify patterns.

John Swinney: There is nothing in the governance review on education that in any way challenges the role of local authorities in exercising that essential role of acting as a corporate parent for vulnerable young people. The questions that we have to make sure are properly aligned are about how schools can interact. If schools have greater discretion and greater decision-making capability, they must be able to exercise that discretion in a way that is consistent with the way in which local authorities exercise their responsibilities for the wellbeing of vulnerable young people.

The Convener: That brings us to the conclusion of this evidence session on the draft budget. I thank Aileen McKechnie for coming; the cabinet secretary and Olivia McLeod will be staying for the next item.

11:34

Meeting suspended.

11:37

On resuming—

Scottish Child Abuse Inquiry

The Convener: Item 3 is scrutiny of the Government's role in relation to the Scottish child abuse inquiry. I thank the survivors groups that the deputy convener and I have met over the past couple of weeks, and the clerks, who did a great job in making sure that we had that opportunity. We met INCAS—the In Care Abuse Survivors group—White Flowers Alba and FBGA. All groups have provided comments for the committee, so other members have had sight of issues that were raised in the meetings.

Before we move to questions, I remind members and witnesses that, for the purposes of the standing order rule on sub judice, no mention should be made of any live cases or any issues that could prejudice the proceedings of live cases.

I suspect that questions will come mainly from Johann Lamont and me, as we met the survivors groups. FBGA suggested that a reference group made up of survivors groups and others could usefully act as a means of promoting understanding of the inquiry's work among survivors groups. Such a reference group could also advise the inquiry panel on the sensitivities that the inquiry needs to take into account in its operation. Does the Government have a view on that suggestion?

John Swinney: The proposal relates to the inquiry, and I want to steer as far away as possible from expressing a view on what the inquiry should or should not do.

In general, the more dialogue that happens in this policy area, the better, because it creates a better understanding of the issues that are at stake and are of concern to individuals. However, the decision about whether such a reference group should be established is one for the inquiry. I do not have operational responsibility to influence that decision.

The Convener: I suspect that you will give the same caveat in response to my next question. We spoke to White Flowers Alba, which highlighted the Australian model. The Australian inquiry takes a modular approach, moving through different sectors in modules, with a commission at the centre that has oversight of the issues that come from each module. Do you have a view on that approach? White Flowers Alba thinks that that would allow certain things to happen at certain times.

John Swinney: I think that that is a wider question. I acknowledge that I have looked with care at the Australian inquiry that has been

established, and the characterisation of the inquiry that has been given to you by White Flowers Alba is accurate in my view. It is a broad-based inquiry that looks across Australian society at experiences in a number of situations. It also has the ability to gather evidence in different policy areas and to reflect on that at a general level.

The origins of our inquiry in Scotland are somewhat different, as it came from the process of examining the role of the state in the delivery of care to individuals for whom the state was essentially replacing the role of parents. Back in 2004, that was the basis of the apology that was given by the then First Minister to individuals who had been ill-served by the state's exercise of its responsibility to provide care. That led to an interaction process that involved survivors and it ultimately led to the establishment by my predecessor of the Scottish child abuse inquiry, which had a remit that was focused on addressing the experience of individuals in care.

With the issues that emerged, when I took office I agreed—in dialogue with survivors—to consider whether we should broaden the scope of the inquiry. As I explained to Parliament in my statement, when considering that point, I was mindful of the commitments that had been made to people who had been in care and who were expecting the inquiry to proceed. If I had broadened the inquiry remit, as has been suggested, slightly or perhaps to something as comprehensive as the Australian inquiry, we would inevitably have lengthened the timescale for it to be undertaken. I felt that, if I had taken such a decision, it would have been unfair to the survivors who were expecting the inquiry to take its course on the focused remit of the in-care system, which is why I decided not to do so.

The Convener: Would it have been possible to deal with the in-care cases as a module in the context of a wider inquiry?

John Swinney: That might have been possible, but the inquiry was established on a different basis and with a very clear and focused remit relating to in-care abuse. I felt that it was our obligation to fulfil the commitments that had been made to the in-care survivors.

The Convener: I will touch briefly on redress, and Johann Lamont will ask another couple of questions on that. I suggest that redress could be considered by the inquiry to ensure that those who engage with the inquiry feel that progress has been made in their case and to prevent them from having to revisit their experiences by giving testimony to two processes. Do you have a view on that suggestion?

John Swinney: That question involves two different elements that have to be considered: one

is the principle and the details of any redress system, and the second—if I understand your question correctly—is decisions on particular awards to people as a result of their testimony. It would be difficult for two such processes to be undertaken under the umbrella of the inquiry. In fact, I have made it clear to Lady Smith that it is not my plan to ask her to consider the issue of redress; that is an issue for the Government to consider in conjunction with survivors groups, which is the process that we are embarking on. We have to establish our approach to redress and quite separately from that make decisions on and determine the application of any implications for any individuals in relation to their cases and the experiences that they have had.

11:45

The Convener: Something that came across when we met survivors groups is that, although they are all keen on redress, each group seems to have different criteria with regard to who should be able to get it and when they should get it. I accept that the issue is difficult, but it is important.

John Swinney: When I last saw the survivors groups, I committed to a process in which the centre for excellence for looked after children in Scotland at the University of Strathclyde would help us work our way through these questions. Difficult questions are involved, but that is not to say that they should not be embarked on. They have to be looked at, and I hope that with the assistance of CELCIS and the participation of the survivors groups we can make progress on the matter.

Johann Lamont: Redress was a theme highlighted by, I think, all the groups that we met. Is it reasonable to ask Lady Smith not for a view on whether a particular individual should have redress but for her views coming out of the inquiry on what a system of redress might look like and for any recommendations that she might have in that respect? The groups that we have met said that they had already provided your officials with very detailed views on redress; do you have a timescale for responding to them? The fact is that people need confidence. I accept that this issue will not be part of the inquiry, but there needs to be a sense of progress in the Government on the question. At what point might you share your views on what such a system might look like?

John Swinney: First of all, I understand the importance of addressing the issue. I want that to be done in a timely fashion, and I want to give reassurance that we are determined to take it forward.

However, I am reluctant to ask the inquiry to do so. When I weighed up the question, I felt that it

might be perceived that I was passing to someone else a particular responsibility that should properly be exercised by the Government. That is why I decided not to ask the inquiry to look at the issue. Moreover, I did not want to give the inquiry more questions to address, because I wanted to concentrate its efforts on addressing the substance of individual experience and making recommendations accordingly.

When I last met the survivors, on 9 November, I said that we would establish a process involving the Government, survivors groups and CELCIS of looking at the proposals from those groups and working our way through the questions. I reassure the committee that we are taking forward that priority timeously. We have had discussions with CELCIS on the matter, and we want to engage survivors in the process. It is something that I want to do as collaboratively as possible to ensure that we properly address the issues that have been raised with survivors groups in their different proposals.

Johann Lamont: Are you open to the option of interim payments, given that many survivors are very elderly?

John Swinney: That is a material question in how we take this forward. I should also add that, although I have not invited Lady Smith to look at these questions, she is free to make whatever comments she wishes on the matter. There is nothing to inhibit her from making those points.

Johann Lamont: There is clearly a range of views on the inquiry's remit, with perhaps the most compelling argument against its extension being one of timescale and the risk of it failing to do anything because it is trying to do everything. Do you accept, at least, that, when you talk about the role of the state in relation to young people in care, survivors groups have flagged up to us the extent to which other parts of the system also let them down, whether that was the police or the prosecution services, and their sense that there has been a cover-up in some areas? That is not unique to Scotland. Is the inquiry able to go where the evidence takes it not just around what happened to young people in care but around the way in which the system then closed down concerns that were raised?

John Swinney: Yes. The inquiry has to look at the experience of young people in care. My extension of the remit in November was to make it clear beyond any doubt that, for example, if a young person was in care and they were abused outwith the boundaries of that care home, that abuse should be considered by the inquiry and has to be a part of its scope.

The wider understanding of what happened, how issues were considered and what was done—

and, more relevantly, not done—is within the scope of the inquiry and must, in my view, be examined. That requires a range of different bodies to be engaged with the inquiry on those questions, and the inquiry has the power to make sure that that happens.

Johann Lamont: As a society we are more “comfortable” with the idea of individual predators. The organisations certainly hope that the inquiry will look at the idea that there may have been organised abuse that involved other parts of the system as opposed to the individual places where children were in care.

John Swinney: I think that that is entirely within the scope of the inquiry.

Johann Lamont: I also have a couple of other points—I am grateful for your indulgence, convener. Cabinet secretary, you have met survivors groups and it was reflected in our meetings that people appreciated that, particularly the meeting in July when survivors felt that they had been blindsided by what had happened, and you followed up on that.

We have had a submission from Open Secret, which says that a number of the clients it works with on their support needs would also like to be part of the process; they would like the opportunity to meet you. I accept that there are constraints on your diary, but is there a means by which you are able to hear from other groups that you have not already heard from? I am sure that Open Secret would be happy to liaise with your office on that. It is difficult to find the right balance, but to what extent within what is your reasonable capacity can you test what is going on with individual survivors? I hope that you will look at that question.

John Swinney: I am very happy to engage as much as I can. I was grateful that Johann Lamont attended the meeting in July that she referred to. I was grateful for her presence on that occasion—her characterisation of the mood of the survivors at that time is accurate. I worked over the summer to try to address that to the best of my ability.

I have been meeting three principal groups on what I would call a regular basis. I have also met other individuals who have asked to see me and I have spent time listening to their experiences to test that I had the full understanding that I needed in making my decisions. I will be happy to meet others, so I will take steps to address the issue that Johann Lamont has raised.

Johann Lamont: Some of the issue will be around the nature of support for survivors, as well as the inquiry.

John Swinney: For completeness, I should also point out that I will need to involve other ministerial colleagues in some of these questions. Essentially

three of us are involved in this area of policy. Annabelle Ewing has responsibility for the Limitation (Childhood Abuse) (Scotland) Bill, Maureen Watt carries responsibility for some of the survivors funds, and my portfolio sponsors the inquiry. I assure the committee, as I have assured the survivors, that the three ministers are working closely together to make sure that the decisions that we take and the evidence that we hear enable us to act in a joined-up fashion.

Johann Lamont: There is a question of the visibility of progress, and it would help if we got some public statements about redress. Do you agree that there needs to be some kind of progress statement by the inquiry? Some survivors have been interviewed, but we are not clear how many. We are also not clear about what stage the inquiry is at. Knowing that would give people some confidence. A number of the groups said that they felt that they do not really know what is happening.

I understand that the Scottish Government has said that it does not want to extend the remit. INCAS particularly would highlight as an issue those who have a duty of care because of the revelations that are now coming out in sport, particularly football. Are you willing to remain open minded to the possibility of a further inquiry, if it is not attached to this inquiry, on the specific question of young people who were abused when there was a duty of care?

John Swinney: If Johann Lamont and the committee will forgive me, the progress of the inquiry is really a matter for Lady Smith to express her views about; it is for her to decide on the information that she considers it appropriate to share. Lady Smith gave some information the other day about the arrangements for hearings in January, and we will hear more from Lady Smith in that context.

The second point that Johann Lamont raises is an issue that I have thought about long and hard. I came to the view that the inquiry that we commissioned should remain focused on the questions that essentially gave rise to the origins of the inquiry in the public apology in 2004. As we have seen the terrible revelations emerging recently about football and other situations, inquiries have been set up. The Catholic church established a review body on these questions and invited the former Moderator of the General Assembly of the Church of Scotland, Andrew McLellan, to explore those issues.

I also saw the next stages of that process being taken forward by Baroness Helen Liddell, who recently wrote a deeply personal, effective and impactful article in *The Herald* about the aspirations that she has to take forward in relation to the Catholic church. Baroness Liddell's article

made the point more effectively than I could. I do not have the article in front of me but she said something to the effect that, as a member of the Catholic church, she did not really want to do what she was doing but she felt as though she had to do it, because the church has been so damaged by what has happened. To me, that is an example of how these issues can be taken forward in a particular organisation that has a duty to address these points. I take the same view with football.

There has to be confidence in the process that is being used. It has to be done with independence and authority to give people that confidence.

Issues might well emerge from these processes that the Government will have to take into account. I certainly assure the committee that the Government will do exactly that as we look at these issues.

Johann Lamont: So you will keep an open mind to the possibility of a separate inquiry. I ask that because there is a question of confidence among survivors. I have not read Helen Liddell's piece, but I am sure that it is thoughtful. An organisation, whether in football or wherever, that feels that it is now so damaged that it has to address the question is slightly different from one that sees a huge injustice and decides to address it. We have all wrestled with the question of whether there should have been a public inquiry for in-care survivors and it came down to the issue of the confidence of the survivors themselves. All I ask at this stage is whether you are willing to remain open minded to the possibility of an inquiry—which would not be by the individual organisations but might be informed by them—into the broader question of the breach of duty of care. A teacher is employed by the state. If that teacher abuses a child, we can see that there is a failure there and the state has a responsibility. All I am asking at this stage is that you keep that option open.

12:00

John Swinney: I have cited the examples that I have cited because I agree with Johann Lamont that the approaches that we take are required to ensure that justice is done. I have not said this during my evidence today but criminal prosecution must be considered as a first step in all of this.

I set out my point of view to make sure that organisations address the issues that have to be addressed from the perspective of justice for individuals who have been so ill-treated. That has to be done with independence and authority to give the survivors confidence. I accept totally that survivor confidence is crucial in the process.

The Convener: I will finish off with a question about panel membership. To what extent do you consider that the assessors can contribute to the inquiry process now that they have gone from three to two? Will they be more useful?

John Swinney: If Lady Smith so chooses, she has the option to appoint assessors for specialist input to assist her in her task. Having discussed the issue of panel membership with Lady Smith, my judgment was that that option gave her the required flexibility to take forward the inquiry and that there was no need to add a third panel member. Lady Smith will make judgments about that and make public comment appropriately.

The Convener: Lady Smith has a free hand.

John Swinney: The law provides for Lady Smith to undertake that.

The Convener: In that case, I bring this session to a close and thank you both for your time. It has been a lengthy and useful session.

12:02

Meeting continued in private until 12:37.

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